



## Social Security and Its Benefits : A One-Page Summary

By Dean Baker  
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Social Security provides the core retirement income to 38 million retired workers and their spouses or survivors. It also provides benefits to almost 4 million children who are either disabled, or whose parents died at any early age or are disabled. More than 6 million workers receive disability benefits, as do 1.6 million children. The total number of children receiving Social Security benefits exceeds the number of children receiving benefits from the Temporary Assistance for Needy Families (TANF) program.<sup>1</sup>

For nearly two-thirds of elderly households, Social Security provides more than half of their income. It provides more than 90 percent of the income of one fourth of the elderly. More than 90 percent of the elderly receive Social Security. Nearly half of the elderly would be below the poverty line without Social Security.

Women account for almost 60 percent of elderly Social Security beneficiaries. They also are far more dependent on Social Security than men, since they are less likely to have a pension or substantial wealth in their old age.

The survivor and disability benefits are especially important to minorities. More than 17 percent of the workers receiving disability benefits are African American, as are 13 percent of the people receive survivors' benefits. (African Americans are approximately 12 percent of the population.) Nearly 22 percent of the children who receive some type of Social Security benefit are African American.

Social Security is financed by a payroll tax of 12.4 percent of wages, with 6.2 percent paid by the worker and 6.2 percent paid by the employer. Self-employed workers pay the full 12.4 percent. The tax only applies to the first \$88,000 of wage income. The revenue from this tax is kept in a separate account by the government.

The average monthly benefit for a retired worker is over \$900 a month. This figure is based on the worker's earnings history over their lifetime. The maximum benefit is approximately \$1,700 a month. Benefits are tied to the rate of inflation once workers retire, so benefit levels should keep up with the cost of living.

Social Security's Trustees publish a report each year on the program's finances, which includes projections over a 75-year planning period. These projections are the basis for policy discussions. According to the Trustees' 2004 report, the program can pay all promised benefits through 2042, without any changes. After 2042, the Trustees project that the program can continue to pay, indefinitely, a real (inflation-adjusted) benefit that is higher than what workers' receive today, although less than the full promised benefit. Four of the six Trustees were appointed by President Bush.

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<sup>1</sup> These data can be found in the Social Security Administration's (SSA) Annual Statistical Supplement. Data on income can be found in SSA's Income of the Aged. Both publications are available on the SSA website ([www.socialsecurity.gov](http://www.socialsecurity.gov)).